



Department of Justice

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**JUSTICE DEPARTMENT PROTECTS COMPETITION IN ACQUISITION
INVOLVING STARCH-PROCESSING ENZYMES**

WASHINGTON, D.C. -- The Department of Justice today said that it would allow Genencor International Inc. to go forward with its acquisition of the world-wide industrial enzyme business of Solvay S.A. following the agreement by Genencor to license and supply technology relating to certain enzymes used to process starch to a third company, Nagase Biochemicals Ltd., to alleviate anticompetitive concerns.

The Department's action was in response to concerns that Genencor's acquisition of Solvay's world-wide industrial enzyme business would lessen competition in the U.S. markets for the sale of alpha amylase and glucoamylase enzymes used for processing starch-containing raw materials, usually corn, into sugar-containing syrups, such as high fructose corn syrup, and into fuel alcohol.

The Department's Antitrust Division said that the license should eliminate the transaction's potential harm to competition in these markets.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "This transaction as originally structured would have had the potential to reduce competition by

combining the technologies of two of the four competitors that manufacture and sell these specific enzymes for starch-processing in the United States."

The license agreement between Genencor and Nagase Biochemicals will preserve competition in this important technology, which will benefit purchasers and users of these enzymes, Bingaman added.

Bingaman cited this case as a further example of the Department's willingness to work with parties to remedy competitive problems that arise in the context of larger merger deals, so that those transactions can proceed once the competitive problems are resolved.

"Here the parties' willingness to "fix-it-first" ensures that the transaction's potentially anticompetitive features have been satisfactorily eliminated before it is allowed to proceed, protecting consumers from possible economic harm," Bingaman added.

Genencor and Solvay compete world-wide, as well as in the United States, as suppliers of industrial enzymes for a number of applications, including use in detergents and cleaning products, textiles, starch processing and food processing. Industrial enzymes are organic chemicals, typically proteins, utilized as catalysts in various chemical and biochemical processes. Genencor, headquartered in Rochester, New York, is a joint venture of Eastman Chemical Co. of Kingsport, Tennessee, and Cultor Ltd. of Helsinki, Finland. Genencor is a leading industrial biochemical company with annual revenues of

approximately \$200 million. Genencor also manufactures fine and specialty biochemicals.

Solvay is an international chemical and pharmaceutical company, headquartered in Brussels, Belgium, with operations world-wide and annual revenues of approximately \$9.2 billion.

Genencor will acquire for about \$57 million all of Solvay's world-wide industrial enzyme businesses, which includes facilities, technology, business assets, as well as production facilities in Nienburg, Germany, Elkhart, Indiana, Arroyito, Argentina, and sales offices in Singapore and Australia.

To remedy the Department's competitive concerns:

- Genencor has entered into a non-exclusive, transferable, license with Nagase Biochemicals giving Nagase the right to make, have made, use and sell alpha amylase and glucoamylase enzymes in North America for processing starch-containing raw materials to produce sugar-containing syrups, such as high fructose syrup, and fuel alcohol. The starch-processing enzymes to be licensed are currently being marketed by Solvay.

- Nagase Biochemicals will be given existing Solvay microorganisms used to prepare these enzymes, together with all production know-how and other information to allow Nagase to make the enzymes from these microorganism strains and also to be able to propagate and use the microorganisms.

- Nagase Biochemicals will have the right to use the Solvay trademarks under which these enzymes are currently being sold by Solvay in North America.

- Genencor has agreed to eliminate contractual restrictions that prevented a leading toll manufacturer from producing these enzymes for Nagase Biochemicals and other potential entrants.

Nagase Biochemicals is owned by Nagase & Company Ltd., a major Japanese trading company with annual sales of about \$5 billion. Nagase manufactures enzymes in Japan for the starch, food, pharmaceutical, detergent and textile industries.

The license agreement with Nagase has resolved the Department's competitive concerns by providing Nagase with the

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ability to become a long-term, viable competitor with proven starch-processing enzyme technology that is currently being successfully marketed by Solvay.

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